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Aligning the Pieces

■ By Brenda Gale and Patrice Lipson | *Ascend* Contributors

Joining the Star Alliance represented a key component of US Airways' recovery plan. But becoming a member of one of the world's leading global alliances required a concentrated, comprehensive effort by the airline and its vendors.

As airlines look for new sources of revenue, many have considered joining one of the three main global alliances to cost effectively expand their reach and attract and maintain valuable customers. Alliance membership, however, is more than simply placing a new logo on an airline's Web site and sharing lounges and frequent flyer miles. Joining an alliance requires a great deal of groundwork, numerous hours of preparation and highly coordinated efforts to ensure systems and procedures are fully integrated.

As part of its recovery plan, US Airways gained membership into the Star Alliance.

Joining an alliance enabled the airline to instantly expand its network — without

having to purchase dozens of new aircraft or hire additional staff. By offering access to more destinations on partner airlines, US Airways preserves revenue from travelers who now fly part of their journey with the carrier. It also shares passengers with other airlines by providing access to destinations those airlines didn't serve, generating additional income.

Based on the experience of other Star Alliance members, US Airways anticipated an increase in both traffic and revenue as more frequent flyers took advantage of the expanded network. The airline also realizes additional cost savings by participating in alliance-wide initiatives such as group fuel purchases and shared advertising.

Because US Airways already had a codeshare agreement in place with United Airlines, a founding member of the Star Alliance, membership in the larger organization seemed to be a natural outgrowth of its existing relationship.

Joining Star, however, required a monumental effort on the airline's behalf as it worked to meet the requirements of alliance membership. To ensure that US Airways met its quality standards, the Star Alliance gave the airline a specific set of criteria, including integrating its systems and route network with the alliance, standardizing policies and procedures, and establishing agreements with its new partners concerning revenue sharing and other administrative activities.

US Airways categorized the requirements as either development projects or as compliance or procedural adjustments. The development projects were also broken down as unilateral, bilateral or multilateral based on who would be involved.

To meet the alliance membership requirements, US Airways assembled cross-departmental teams to identify the issues — such as securing necessary bilateral agreements with each of the other 14 member carriers, integrating all projects involving various vendors, establishing internal and external communications, resolving funding issues, and coordinating multiple staggered implementations of systems and processes — that needed to be addressed to integrate with the Star Alliance network. Each requirement was assigned to an internal owner, who oversaw the completion of the tasks necessary to meet the objective.

The cross-functional teams comprised representatives from multiple departments — marketing, sales, customer services, reservations, planning, international, revenue accounting, consumer affairs, revenue management, information technology and e-commerce. The airline also established an alliance department to serve as the primary point of contact for these internal teams as well as for fellow Star Alliance carriers.

"Joining the Star Alliance was one of the largest, and most complex, projects we've accomplished," said Dennis Tierney, who headed US Airways' alliance department at the time of the integration effort. "Once we got the alliance requirements, we had to go through virtually every aspect of our operation and identify the, literally, thousands of tasks that had to be completed. And we had to do so in a limited timeframe and within a specific budget."

For US Airways, one of the most important and involved aspects of joining the Star Alliance was integrating its IT systems with the larger alliance. The airline relied on its



key IT provider, Sabre Airline Solutions, to oversee the IT integration efforts and coordinate them among all IT providers, which also included EDS, Lufthansa Systems and US Airways' internal IT department.

After evaluating the Star Alliance's IT requirements, the technical team created an integrated schedule for 16 main IT projects, identifying all supporting tasks and establishing a framework to complete them. The integrated schedule became the master timeline used to track progress throughout the integration effort.

The IT integration team also formed a decision-making group that included both airline executives and members of the core IT team. This group reviewed the status of each project, set the overall strategy of the program, provided risk management and also resolved any issues escalated to the group. The group also worked with the Sabre Airline Solutions account management team, which served as a liaison among the other vendors as well as the airline's IT staff.

The integration team held weekly financial review meetings to track vendor spending and forecast expenditures to ensure that the budget was properly maintained and allocated across all vendor groups. An implementation review board evaluated the results of all the projects to ensure their quality and accuracy.

Upon completion, the alliance implementation project, which included integration of 25 technical points and joining requirements and 156 implementation and activation events, successfully integrated US Airways' systems with those of its new alliance partners. The IT team spent a total of 35,000 labor hours during an 11-month period to complete the project, yet it still remained 13 percent under budget.

With its membership in the alliance complete, US Airways is integrated with some of the world's leading airlines — Air Canada, Air New Zealand, All Nippon Airways, Asiana Airlines, Austrian Airlines, bmi, LOT Polish Airlines, Lufthansa German Airlines, Scandinavian Airlines System, Singapore Airlines, Spanair, Thai Airways International, United Airlines and VARIG Brazilian Airlines — that combine to transport more than 350 million passengers a year with 14,048 daily departures worldwide. The alliance also generates about US\$75 billion a year. By joining the alliance, US Airways offers its customers access to 755 destinations in 132 countries, 575 airport clubs and lounges, and accrual and redemption of frequent flyer miles on any of its partner airlines.

Having a strategic partner that can help coordinate the process of joining an alliance helps airlines take the necessary steps to gain entry into these organizations and begin realizing the benefits. **E**

For information about assistance with joining an alliance, please contact one of our regional consulting partners: Alessandro Ciancimino at alessandro.ciancimino@sabre.com for Europe, the Middle East and Africa; Steve Hendrickson at steven.hendrickson@sabre.com for North America; Nadja Killisly at nadja.killisly@sabre.com for Latin America; James Sun at james.sun@sabre.com for China; and Vish Viswanathan at vish.viswanathan@sabre.com for Asia/Pacific.



Photos courtesy of Star Alliance

Through its membership in the Star Alliance, US Airways' customers have access to 755 destinations in 132 countries.

